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THE FUTURE OF WESTERN TRADE.

BY J. B. CASE, PRESIDENT OF THE TRANS-MISSISSIPPI COMMERCIAL CONGRESS.

FOR twenty years there has been going on in the Middle West a change in trade method and direction of which not even those most intimately connected therewith have been fully aware. The coming of the railroad into the grain-raising territory west of the Mississippi has been accepted so generally as a matter of course that the gradual transformation it brought passed unnoticed by the average business man.

During these two decades, the West has been tremendously busy. It has had so many opportunities for wealth-making, and has seen so many chances for development, that it has assumed that conditions were changing only with the ordinary course of events and not in any marked manner. Western people have learned much during their years of prosperity. They have been extensive travellers. They have gone back East to visit the old home and have taken notice of things by the way. They have returned and told their neighbors that in Illinois, Indiana, Ohio and on East, every little town has some sort of manufactory, which is making furniture, shoes, automobiles, breakfast foods, implements, or something else. As a result, the laboring classes have employment at high wages; the merchants have prospered; the farmers have had good prices for their products close at home; and land values have been held at a high figure. They have argued, naturally, that a community depending for its prosperity mainly upon growing crops and shipping them for long distances before reaching a final market can never become wealthy.

In consequence, the Commercial Clubs and Boards of Trade, with which the Western States are sprinkled, have held meetings, adopted resolutions, raised funds for exploitation and encouraged

in every possible way the establishment of manufacturing concerns. Hundreds of institutions have been located in the West by this means. Their coming has encouraged hundreds of others, until the manufacturing statistics of the Prairie States, where once were produced only wheat, grain and live-stock, are startling.

The old argument that it is foolish for a Western community to pay freight on its raw product 1,600 miles, then pay for having its product transformed into manufactured goods, and then pay freight on the manufactured goods 1,600 miles back again, has seemed so logical to the average Western community that it has done much to convince investors of the Trans-Mississippi country that they can make good returns on their capital. So, to-day, the Western merchant, instead of buying his goods entirely in the East, may place a large portion of his orders with reputable and successful concerns west of the Mississippi.

All through the Prairie States are found busy little factories that make many of the necessities and luxuries of life. Not many years ago, the traveller who came West to "spy out the land" saw practically no smokestacks. It was a wide range of farms and villages. To-day, the aim of every town between the Mississippi River and the Pacific is to secure some sort of enterprise that will give employment to its laboring classes. Some of these are but the beginnings of much greater institutions. For instance, at Kansas City is a cotton-mill, which proposes to handle the product of the cotton-fields of Oklahoma, Arkansas and Northern Texas. Its promoters argue that this product can be manufactured with Western capital and by Western labor as satisfactorily as in Massachusetts or Rhode Island. In that city is also a paper-mill; glassware is manufactured extensively in Southeastern Kansas; woollen-mills are numerous; two or three successful Western automobile factories are making cars that sell in competition with those constructed a thousand miles farther east.

In direct connection with this trend of the Middle Western States toward making their own manufactured articles is an openly expressed desire for transportation facilities that will widen the market therefor. It is not enough in this age that several trunk lines reach directly to the Atlantic and Pacific coasts —the north-and-south waterways and more railways to supplement them are looked upon as necessary to complete equipment for the new trade conditions in the Trans-Mississippi country.

The whole prairie region has been gridironed by north-and-south railroads—mostly on paper. Surveying parties have tramped down acres of growing crops, laying out imaginary lines that would run with the meridians of longitude. A few of these have been in a degree successful. Still fewer have resulted in tremendously effective traffic-ways from the lower wheat-raising sections to deep water.

In its earliest phase, the transportation question of the great West was necessarily along east-and-west lines. The men who developed the Prairie States were the agents of capitalists in New York, Chicago, Philadelphia and Boston. Naturally, their one aim was to bring to their home cities every possible advantage. Every trunk line had its terminal in one of these great cities.

But the West has outgrown those old conditions. It has developed some capitalists of its own. The day has passed when it was necessary for the man who would organize a company and handle a big business enterprise in the Prairie States to load himself with letters of recommendation and take the train for New England. He is able to find within a few hundred miles' radius of his own home men who know the West, understand its conditions, and who can, in homely phrase, "talk the Western language"—men who have the money with which to finance his enterprises. Definite gain is in this: it does not take so much explanation to describe to the Western capitalist the opportunity before him as it does to convince one in the East.

Then the West has been earning and saving so much money during the past two decades that it has a tremendously large loan fund, for which it is seeking investment. It is willing to utilize this in building up Western institutions. As a result of better understanding of the chances that lie in undeveloped sections, it is finding plenty of opportunity for profit. The statistics of accomplishment are surprising to those who have not carefully studied the subject. California's manufactories turn out a product worth more than that of Ohio, Maine or Michigan; Oregon has as great a production from its factories and shops as Michigan; Missouri has more than Vermont; Kansas more than Virginia; Colorado more than Indiana. The Pacific States are producing five hundred million dollars' worth of manufactured products every year, and the Rocky Mountain group of States, five hundred million dollars' worth more, making a total annual output in

these sections of the country of over one billion dollars. This development of its manufacturing interests, particularly as the amount is constantly increasing, has a definite effect upon the trend and sentiment of Western commerce. They tend to make the Western business man feel that he is absolutely competent as a rival of his Eastern competitors. In other words, he has attained an independence that a few years ago was unknown. This is not alone because of the greater wealth and prosperity that have come to the Prairie States. The intelligent business man of the West knows now, even if he had forgotten it before the financial crisis of last year, that the financial operations of this nation are so closely intertwined that every section is bound to every other. He realizes that, in this respect, he cannot hope to stand aloof from the financial centres of the East. It may be that the editor of his local paper declares the "plutocratic East" a conscienceless enemy of the nation's granary, worthy of boycotts and anathemas—but the business man and capitalist know that, in the final analysis, there must be harmony and wide-spread confidence between East and West if prosperity is to be maintained as a feature of our national life. The intelligent Western business man is no ranter; he does not howl against the "red dragon of Wall Street," nor does he abuse the financial kings of America. He realizes that there is an interdependence in which all have a part.

Methods of Western merchandizing have changed greatly in two decades. Where formerly the country towns of the Prairie States had a large number of small stores, they now contain not only many small stores, but a large number of greater establishments that have grown up through the necessity for combination in meeting the needs of a rapidly developing patronage. In almost every county seat will be found two or more large department stores carrying stocks worth \$40,000 or more, and embracing every kind of merchandize, from farming implements to dry goods. These are not the old-fashioned "country store" with its conglomeration of every sort of goods badly arranged, but they are equipped with every modern facility possessed by the average city emporium. It has been found profitable to conduct this kind of store because of the added advantage of buying goods in large quantities.

For the buying end of the Western mercantile establishment has become the important end of it. The close competition grow-

ing out of the mail-order business has compelled the country merchant to figure on a small margin of profit. The mail-order houses of Chicago, Kansas City and St. Louis have found a rich field for operations in the country settlements of the West. They bring to the door of the settler, who may reside a dozen miles from a village, the entire stock of the great department store and at prices which seem to the buyer remarkably low. As the towns have increased in number, the advantage of lessened distances has been given to the home merchant; and few farmers, except in the high-plains region of Western Texas, are many miles distant from a home store. The telephone and rural mail delivery have become adjuncts to the home merchant, and he is probably in closer touch with his customers to-day than ever in his history. To be sure, he still has the mail-order house as a great competitor and the huge mail-order catalogues give him much annoyance. However, he realizes that if he can buy at lower prices he can meet nearly every competition of this sort, provided he can make his customer understand his ability so to do.

This advantage in buying, which the Westerner seeks, is at the bottom of his patronage of Western factories of every sort. The business man of the West, consequently, encourages the establishment of manufacturing concerns in every possible way. He does not advise the giving of bonuses, as was the illogical method of stimulating this sort of enterprise two decades ago; but he does put his money into the stock of such companies and buys the products of such institutions.

To the Western farmer comes another problem, which is closely aligned with those of the home merchant. He is desirous of securing every possible advantage in prices for his grain and live-stock. To do this, he must secure the minimum rate on two factors of the handling of his product: its transportation and the commission for handling. He has attempted to control the former by some radical railroad legislation, that has resulted in comparatively little actual advantage. He has fought for the latter by means of "Farmers' Unions" and co-operative elevators, which have brought into a community of interest tens of thousands of farmers scattered through the grain belt of the Middle West. All in all, he has accomplished most in the handling of his wheat. His live-stock market is as greatly dominated from its business centres as ever.

Likewise the farmer has been waking up to the fact that there are other possible ways in which he could add to his income. One is a more direct route for export. In consequence, he has joined the business man in urging north-and-south railways and better waterway transportation, so that the products of the farm may move to foreign markets by way of the Gulf of Mexico, instead of by the Atlantic seaport. The increase in the export trade of the Gulf ports in the past decade has been a manifestation of the growth of this sentiment. Nor is the end yet reached. The increase in shipping from Galveston, Port Arthur and New Orleans during the next ten years will be greater than that from any other ports in the United States. The opening of the Panama Canal will mean the turning of all eyes in the West to water transportation to the Orient by way of the Gulf of Mexico. It will mean the building of new railway lines to tap every part of the grain-raising section, and the hurrying southward of huge shipments to be loaded for foreign trade.

With the Western merchant buying at home, and with the Western farmer shipping his product to the Gulf of Mexico either by rail or by improved waterways, will the Eastern manufacturer and transportation manager be left out? Will the Eastern factory be robbed of its patrons to such an extent that it will find itself crippled? It is not likely that any such results will follow. The nation is growing too rapidly, both East and West, for that. But this can be predicted: no such growth of Western trade for Eastern manufacturers will be seen in the next decade as has been the case in the one just completed. Changes are going on in the West by which it is attaining to a larger commercial independence. The broad sympathy that a Western institution receives from business men, both large and small, shows how strong is the sentiment for the encouragement of Western concerns.

When the financial crisis of 1907 caused a sudden suspension of investment by Western banks in "commercial paper," the first limitation was put on securities that originated in the East. The first purchases after the subsidence of the flurry, and when the bank deposits again became abundant, was of paper issued by Western firms. Bankers generally had more confidence in securities that were based upon Western business than upon those coming from the Atlantic coast cities. They may have been wrong in this, but the fact remains that such was their instinctive action.

Multiply this feeling by increasing success in meeting the demands of the rapidly growing area where luxuries are becoming as common as in States settled for a hundred years, and it is plain that the Western manufactory and wholesale institutions are to have a positive advantage that will increase as the years go on.

Along with the evident advantage arising out of having the manufacturing done near home and having a more direct outlet for the products of farm and ranch, the Western business men have of late years come to understand what is to be gained from co-operation in pushing their claims for trade recognition. In the earliest history of the West, all its enterprises were at the mercy of the East—that is, they were managed by Easterners, either through the government or by private enterprise. With the gain of capital and the greater amount of investment made from the savings of Western people, there has come also a unity of interest manifested in both political and commercial ways. Three great commercial bodies meet every year in the Western States: one is devoted to mining, one to irrigation and one to commerce. The direct object of these organizations is to build up the struggling enterprises of the West. The purpose is to unite in one effort the politicians, the capitalists and the business workers who live between the Mississippi and the Pacific. They point especially to the fact that, if all the Senators and Representatives who come from that territory will stand together for their home interests, they can get practically everything the Government has to give.

One outgrowth of this co-operation of the Western people is seen in the wonderful accomplishment in the reclamation service, which is taking from the dry lands of the desert vast areas and transforming them into productive farms. Already the enterprises along this line have involved an expenditure of fifty-one million dollars. There are under way twenty-seven great projects, among which are the greatest dams ever constructed and 2,000 miles of ditches and laterals, with more to be completed during the present year. The plans of this one service alone now contemplated mean the expenditure of a hundred million dollars, every cent of which will be repaid by those who obtain the land that is to be watered at Government expense. These schemes do not benefit any one portion of the West, but include districts located in the Dakotas as well as in Arizona, on the Pacific coast and in Oklahoma.

When it is considered that seventy per cent. of the area of the United States lies in the Trans-Mississippi country and that four hundred thousand immigrants are crossing the Mississippi every year to people its rich acres, it can be understood how great is the opportunity that lies before the Western business man during the next two decades. It should be remembered, likewise, that he lives in a section where there is practically no poverty, where poor-houses stand empty because none applies for entrance. Neither extreme wealth nor extreme penury exists in all this wide stretch of America's plain and mountain regions. The few millionaires who have been made rich by fortunate mining discoveries usually go East to spend their income. Farming regions of the West do not produce millionaires, but they do produce a high standard of competency that makes every family independent, and brings to every merchant a patronage which enables him to meet his obligations regularly and to obtain a steady income.

These are some of the factors that enter into the conditions surrounding every-day business transactions in the Western States. The one thing that interests the merchant is stability. He wants to know that those with whom he does business and those whom he trusts in a commercial way will be able to meet every obligation. With the newer discoveries in better methods of agriculture and the transformation of large areas of semi-arid and arid lands into productive irrigated farms, he has a stable constituency with which to deal. Compared with the homesteaders of twenty-five years ago,—those who came West because they had no other place to go, who owned little except a title to a quarter section of land which few knew how to farm successfully, a debt-burdened, struggling population, frequently discouraged and never over-prosperous,—he has, indeed, most satisfactory surroundings.

It should not be forgotten that the Trans-Mississippi section has a population of nearly thirty million, a country producing more corn, wheat, cotton and other agricultural products than any similar area on the face of the globe. Its mines yield silver and gold by the shipload, and coal enough to supply the world. This section, during the past fifteen years, has increased the value of its agricultural products from \$701,000,000 to \$1,714,000,000, or more than 144 per cent. Who can tell what the next decade will bring in the magnificent outpouring of wealth from this great granary of the world? Those who have watched the upbuilding

of this magnificent portion of our nation and have helped to develop it realize that, with this increasing production, there comes a large problem of transportation.

Indeed, it overshadows in many ways all other questions bearing upon future advancement. It is recognized that railroad transportation is already overburdened. Only one other outlet is open to the great Middle West, and that is through the waterways that reach their streams up into the foothills of the mountains. It is not only because of convenience that it looks to this method of solving the pressing problem, but because it will, through the competition afforded, give cheaper rates for the immense amount of grain and coal that must be transported to the greater centres of population. It is realized throughout the Trans-Mississippi country that every cent saved in transporting the natural products of soil and mine means millions in surplus revenue. The people of that section have been reading and studying this question and they look to a time in the not distant future when ships shall be loaded regularly at Kansas City, Muskogee and other interior points, and landed at Chicago, New York, New Orleans, Galveston, then across the seas to Europe, South Africa, South America and the Oriental countries, giving us access for our raw material to all the world's markets at the lowest possible cost of transportation. For the present, our message to the East is this: We are glad to sell you our products, to loan your factories our money, to keep our surplus funds in your banks, to buy your finished products, your manufactured goods; but we expect to sell you our raw material and we are determined to transport it to you at a minimum expense.

The Western business man is at present only beginning the accession of his independence. He has some ideas in legislation and business methods that are not in harmony with those of the average Eastern merchant. He works on a swifter basis, with quicker turning of his stocks into money. The activity of the West is proverbial and it is seen nowhere more strikingly than in the ordinary business procedure.

Probably no portion of the nation was so little affected by the recent financial flurry as the Middle West, the great granary where the farms have been producing so liberally during the past eight years. The banks were quick in returning to their normal conditions and the people resumed their usual methods of doing

business rapidly after the scare had in a measure subsided. The important thing is not that the West has been prosperous, but that it has continued to prosper when the rest of the country was to a degree overwhelmed with the situation of doubt.

Just for a single example of the kind of prosperity that the West possesses: It is stated by the dealers in automobiles that more cars were sold last spring to the farming sections of the Prairie States than in any other part of the United States. In one town, three hundred miles west of the Missouri River and half as far from the mountains—a town of little more than 3,500 inhabitants—are seventy-two automobiles. Counties that one year ago had less than half a dozen machines, now have seventy-five to one hundred. The people have gone on making money and spending it—and many of the expenditures have been made on Western-manufactured machines.

These things are important as indicating on what basis Western trade of the future is to depend. It may be that the plans for building up of home factories will not advance so rapidly as now seems likely; but the present rate of progress is so positive and so satisfactory to the investors that it is not to be doubted that something good is to come in this direction. The West is building up some jobbing-centres that are to be reckoned with. Kansas City, which was a straggling village within the memory of this generation, has half-a-million population and will have a million in another decade. Wichita and Oklahoma City, the latter bare prairie eighteen years ago, have over 40,000 population each, with trolley cars, electric lights, and every modern luxury that the East possesses. In the north are the Twin Cities and Omaha, while on the Pacific coast are Seattle, Tacoma, Portland, Spokane, San Francisco and Los Angeles, all growing in business importance, not only in the local trade, but as distributing points for a wide territory that was once supplied from the East, or would have been so supplied under old-time conditions.

In other words, Western trade will seek the lines of least resistance, and the indications are that these lines will lead to the local manufactories, to the home concerns and away from the old-time centres. As the years go on, the tendency will increase and the Western business man will have a greater independence because he has a personal interest in the affairs that are nearest to him.

It is not to be inferred from this that the West has a grudge against the East, nor that it has in its mind a boycott because the East is where it is. On the contrary, the business men of the West feel most kindly toward the East; they have done business with the East so long that they realize more keenly, perhaps, than the farmer the good qualities of the Eastern wholesaler and his associates.

But it is the natural outcome of growing importance and business strength and a desire for individuality, that shall in the end bring to the West a supremacy in trade that will divorce it to a large degree from its former associations. The Western trade of the future will be given to Westerners when possible—as, indeed, it is to-day—and the increasing number and importance of the Western localities where it can thus be turned is a significant factor in the situation.

The fact that Western politicians and business men are joining hands to get things for the West, and are asking the Government and the business interests that there shall be fuller recognition of the needs of the West, is in itself but an indication of what is to come when the manufacturing and wholesaling interests of the West are fully developed.

It is but a matter of short time when trolley lines will gridiron the Prairie States as they do the States east of the Mississippi; the telephone and rural mail delivery reach practically every family to-day; the Western business man is in touch with his patrons as closely as is the Eastern business man with his.

The prospect for future development is most encouraging, and the Western States are looking forward to a time when the shorter distances of transportation and the increased business connections will make the Western business centres as prominent and as prosperous as those of the Atlantic States. The tendency of Western trade is in that direction—it is merely a matter of time when it shall arrive.

J. B. CASE.